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CENTRAL BOARD OF REVENUE

NOTIFICATION

INCOME-TAX

New Delhi, the 9th August 1962

S.O. 2565.—In exercise of the powers conferred by section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Revenue hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:—

1. These rules may be called the Income-tax (Second Amendment) Rules, 1962.

2. In the Income-tax Rules, 1962,—

(1) after rule 6, the following rule shall be inserted, namely:—

“6A. *Limits of reserve for unexpired risks.*—In the computation of profits and gains of any business of insurance other than life insurance, the amount carried over to a reserve for unexpired risks including any amount carried over to any such additional reserve which is to be allowed as a deduction under clause (c) of rule 5 of the First Schedule, shall not exceed—

(a) where the insurance business relates to fire insurance or miscellaneous insurance, 50 per cent. of the net premium income of such business of the previous year;

(b) where the insurance business relates to marine insurance, 100 per cent. of the net premium income of such business of the previous year:

Provided that any amount out of the amount carried over to such reserve or additional reserve which is not allowed as a deduction under this rule in respect of any previous year shall not be included in the total income for the assessment year relevant to the immediately next succeeding previous year in the revenue account relating to which the amount aforesaid is credited.

Explanation.—For the purposes of this rule, “net premium income” means the amount of premiums received as reduced by the amount of reinsurance premiums paid during the relevant previous year.”;

(2) in clause (ii) of sub-rule (1) of rule 21, for the letters and figures “Rs. 8,000” and “Rs. 12,000” the letters and figures “Rs. 10,000” and “Rs. 15,000” shall respectively be substituted.

[No. 47-IT(F. No. 1(135)-62/TPL.)]

I. P. GUPTA, Secy.

(1891)

